

Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EA-07 FRB-03 INR-07 IO-10 NEA-10 NSAE-00 OPIC-03

SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00

DOT-00 FMC-01 CG-00 OFA-01 DLOS-04 TAR-01 /082 W

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FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 5994

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMCONSUL HAMBURG

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: EWWT, OECD, SW

SUBJECT: SWEDISH REACIION TO MARITIME RATE-CUTTING PRACTICES

REF: STATE 244923

SUMMARY. EMBOFF DISCUSSED PROBLEM OF RATE-CUTTING IN MARITIME
TRADES BY THIRD-FLAG EASTERN EUROPEAN CARRIERS WITH JOHN
WINGSTRAND, HEAD, TRANSPORT DIVISION, SWEDISH MFA, OCTOBER 20.
ALTHOUGH SWEDISH BILATERAL TRADES HAVE NOT YET BEEN AFFECTED,
SWEDISH COMPANIES HAVE BEEN UNDERCUT IN EUROPEAN CROSS TRADES AND
THEY SUSPECT SIGNIFICANT LOSS OF CARGO IN PACIFIC. SWEDES HAVE
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NOT MADE UP THEIR MINDS ABOUT WHAT TO DO. END SUMMARY.

1. WINGSTRAND SAID THAT SOVIET VESSELS ARE NOT YET CROSS TRADERS IN SWEDISH BILATERAL TRADES (ALTHOUGH SWEDISH VESSELS ARE IN SOVIET CROSS TRADES, CARRYING SOME GRAIN). HE THOUGH USSR WELL MIGHT BEGIN TO CUT RATES IN SWEDISH TRADE WITH US NEXT YEAR WHEN, IF RUMOR IS CORRECT, IT WILL OPEN SHIPPING LINE BETWEEN GOTEBOG AND BALTIMORE, PARALLEL WITH SWEDEN'S ATLANTIC CONTAINER LINE.

2. GOS HAS NOT DECIDED WHAT TO DO IN LATTER EVENT. SINCE 80 PERCENT OF SWEDEN'S OWN MERCHANT NAVY IS ENGAGED MAINLY IN CROSS TRADE, SWEDEN IS MINDFUL OF ITS VULNERABILITY TO RETALIATION. QUESTION TO BE DECIDED IS WHETHER SWEDEN WOULD LOSE MORE THAN IT WOULD GAIN IF IT WERE TO ACT AGAINST UNDERCUTTING BY ONLY 3 OR 4 SOVIET VESSELS.

3. SWEDISH EUROPEAN CROSS TRADE HAS BEEN UNDERCUT BY USSR, AND ON SMALLER SCALE, BY POLAND AND EAST GERMANY. WINGSTRAND SAID TREMENDOUS AMOUNT OF UNDERCUTTING GOES ON IN TRADE BETWEEN BREMEN AND US. THERE SOVIET VESSELS UNDERCUT SWEDISH BY AVERAGE OF 20 PERCENT AND OFTEN BY 40-50 PERCENT. GOS KNOWS THAT WEST GERMANY AND NETHERLANDS ARE FINDING SUCH PRACTICES INTOLERABLE.

4. WINGSTRAND ALSO COMMENTED ABOUT SOVIET PRACTICES AT BOTH ENDS OF TRANS-SIBERIAN RAIROAD. USSR HAS 3000-4000 TRUCKS MOVING BETWEEN LENINGRAD TERMINAL AND CONTINENT, WHICH DIVERT MUCH CARGO FROM SEA TO LAND. IT ALSO MOVES 95 PERCENT OF NONCONTAINERIZED CARGO BETWEEN NAKHODKA AT PACIFIC TERMINAL AND JAPAN. JAPAN IS CONTEMPLATING SOME REACTION TO THIS SITUATION, POSSIBLY LEGISLATION. JAPANESE RECENTLY REACHED AGREEMENT WITH USSR DIVIDING CONTAINERIZED CARGOS IN NAKHODKA-JAPAN TRADE 50/50 BETWEEN THE TWO COUNTRIES.

5. SECRETARIAT OF CONSULTATIVE SHIPPING GROUP (CSG) IS CONSIDERING PROBLEM AND PROPOSAL ON WHAT TO DO. THESE WILL BE DISCUSSED AT PREPARATORY MEETING AND DECEMBER 17 CSG PLENARY. GOS HAS NOT YET SEEN PROPOSALS. WINGSTRANDS SPECULATED THAT IF GOS RECOMMENDED BANNING USSR VESSELS FROM MEMBER-COUNTRY PORTS, ACTION COULD REBOUND AGAINST SWEDEN.

6. RESULTS OF SURVEY OF SWEDISH SHIPPING INDUSTRY WILL BE LIMITED OFFICIAL USE

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PRESENTED BY SEPARATE CABLE.
STRAUSZ-HUPE

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